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ADM-7.4

29 JAN 1964

DD/S&T 0310-64

MEMORANDUM FOR: Deputy Director (Support)**SUBJECT: Incentive Contracting****REFERENCE: Logistics**

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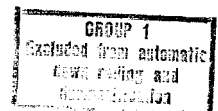
1. This office extends its appreciation to the Office of Logistics for the briefing given by the Chief, PD/OL to the DD/S&T components. The explanation on the advantages and potential savings to the Government as a result of shifting to incentive contracting methods was well received by the individuals attending the meeting.

2. This Directorate states its general concurrence with the contents of the proposed with the qualifications in paragraphs 3 and 4 below and the exclusions that appear in paragraph 5 below.

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3. It has been indicated that after incentive contracting procedures are in effect the negotiators representing Logistics will have the right to attend preproposal discussions and solicitations by project monitors. This procedure, we feel, is not in line with good management policy since many of the preproposal discussions will be of a technical nature to the extent that the matters discussed will be completely foreign to the negotiator. In any event, we strongly recommend that the provisions set forth in remain in effect.

4. This Directorate reserves the right to review and comment upon the implementation of this new policy at the end of the first quarter of Fiscal Year 65. We will continually monitor the application of these procedures during that period. Should they appear to be cumbersome or unduly impeding the discharge of our responsibilities, we would then propose to discuss the matter with the appropriate DD/S officers.

SECRET

SECRET

- 2 -

5. It has been indicated by the Chief, PD/OL that the implementation of incentive contracting will not be effective until the beginning of the next fiscal year and that such contracting will not apply to personal services, external analysis, and fundamental research since the application thereof could not be applied in the process of negotiations.

Signed: John F. Blake

JOHN F. BLAKE
Executive Officer
Deputy Director
(Science and Technology)

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